

MIAMI BEACH

**2016 City Commission Retreat
Loews Hotel, 1601 Collins Avenue, Poinciana Salon 4
May 12, 2016**

Mayor Philip Levine
Commissioner John Elizabeth Alemán
Commissioner Ricky Arriola
Commissioner Kristen Rosen Gonzalez
Commissioner Michael Grieco
Commissioner Joy Malakoff
Commissioner Micky Steinberg

City Manager Jimmy L. Morales
City Attorney Raul J. Aguila
City Clerk Rafael E. Granado

AFTER ACTION

1. Meeting called to order at 9:02 a.m.
2. Welcome statements and overview of retreat given by City Manager Jimmy L. Morales.
3. PowerPoint Presentation shown. To view the PowerPoint, please click on the following link:
<http://web.miamibeachfl.gov/WorkArea/DownloadAsset.aspx?id=87687>
 - a. Cintya G. Ramos, Director of Budget & Performance Improvement:
 - i. Provided a synopsis of the topics that will be covered at the Retreat. See final Agenda at <http://www.miamibeachfl.gov/WorkArea/DownloadAsset.aspx?id=87688>
 - ii. Reviewed the City's Excellence Model, Strategic Plan, the 2016 budget timeline and types of funds.
 - iii. Ms. Ramos provided an overview the FY 2015/16 budget:
 1. General Fund: \$300,354,000 (\$300.3 million) The General Fund is comprised of:
 - a. Property Taxes: 48%
 - b. Other - Non-Operating Revenue: 7%
 - c. Other - Resort Tax Contribution: 12%
 - d. Miscellaneous: 4%
 - e. Rents and Leases: 2%
 - f. Fines and Forfeits: 1%
 - g. Charges for Services: 1%
 - h. Intergovernmental: 4%
 - i. Licenses and Permits: 4%
 - j. Other Taxes: 8%

2. G.O. Debt Service Fund: \$5,925,000
 3. Enterprise Funds: \$213,193,000
 4. Internal Service Funds: \$80,370,000
 5. Redevelopment Agency (RDA): \$23,113,000
 6. Resort Tax Fund: \$78,631,000
- iv. Ms. Ramos provided an overview of the FY 2015/16 General Fund Expenditures (FY 15/16):
1. Police: 33%
 2. Fire: 21%
 3. Parks & Recreation: 10%
 4. Building: 5%
 5. Public Works: 5%
 6. Emergency Management (PSCU): 3%
 7. Other: 23%
- v. Ms. Ramos explained that public safety, as a percentage of the General Fund Budget, has increased from 50% in FY 2006/07 to 57% in FY 2015/16.
- vi. Ms. Ramos added that in FY 2015/16 personnel costs comprise 70% of expenditures. Ms. Ramos broke down the components that make up the personnel costs: salary and wages; overtime; health and life insurance; pension contributions and other benefits.

In response to a question posed by Commissioner Alemán, Kathie G. Brooks, Assistant City Manager, responded that the bulk of the overtime is earned by Police and Fire personnel.

City Manager Jimmy L. Morales explained that based on the number of large impact and special events the City has, Police and Fire personnel are needed to cover these, and thus overtime is incurred. It is cost effective to pay the overtime when these events occur, rather than hire additional Police and Fire Personnel, as the additional personnel would not be needed when such events are not occurring.

- b. Natasha Diaz, Senior Management & Budget Analyst, presented the budget trends:
- i. There has been an average 2.7% growth in the General Fund Expenditures since FY 2007/08.
 - ii. Positions are 3% less in FY 2015/16 than in FY 2006/07 (all funds).
 - iii. Current combined millage rate is 3.3 mills or 36% less than in FY 1997/98 and 1.8 mills or 23% less than in FY 2006/07.
 - iv. The property tax bill is comprised of overlapping tax millage from the City of Miami Beach, Miami-Dade County, School Board, Children Trust and Other. The City of

Miami Beach portion of the property tax bill has decreased as a percentage of the total bill from 33% to 30%.

City Manager Jimmy L. Morales pointed out that the School Board and the County/Children's Trust each comprise a larger portion of the property taxes charged City of Miami Beach property owners than that the City of Miami Beach portion.

Commissioner Malakoff commented that based the percentage of money we pay the County and the School Board; we should be demanding more services from them.

Commissioner Alemán reminded her colleagues that the School Board owes the City for unpaid water and sewer charges.

- v. Property Tax revenues are 2% more than in FY 2006/07; and Property Taxes are 48% of General Fund Revenues compared to 59% in FY 2006/07.

City Manager Morales explained that the City's General Fund is diversified, which helps the City maintain lower property taxes.

- vi. The average daily population has grown faster than the General Fund and G.O. Debt budget since FY 2006/07.

City Manager Morales explained that due to our daily influx of visitors to our City, we must budget services for 200,000+ people daily, as opposed to services for our 90,000 residents.

- c. Jimmy L. Morales, City Manager, recapped the significant enhancement added to the budget in FY 2013/14, FY 2014/15, 2015/16. City Manager Morales pointed out which of these have a onetime expenditure, and which are recurring.

Commissioner Steinberg suggested using funds from the Lincoln Road Business Improvement District (BID) to pay for the Lincoln Road Mall Manager.

City Manager Morales stated that at the present time, the funds collected by the BID are being utilized for marketing Lincoln Road.

- d. Ramon Suarez, Budget Officer, provided FY 2015/16 Budget highlights:

- i. The Current Service Level (CSL)

- 1. The CSL Increased \$16.1 million
 - 2. The CSL Expenditures increased \$12.5 million
 - 3. There was a net projected surplus of \$3.6 million
 - 4. At the July 1 Finance Committee meeting received final property values of 13.3% increase.
 - 5. Commission direction was given for additional millage rate reduction to reach the goal of 5.9123 mills, same as it was in FY 2010

In response to a question from Commissioner Malakoff, Allisson Williams, CFO, stated that reserve is at 11% of the General Fund Operating Budget. In addition to the 11% of General Fund Operating Budget Emergency Reserve, the City of

Miami Beach maintains a General Fund Reserve for Contingencies equal to 6% of the General Fund Operating Budget. In combination with the 11% of Emergency Reserve, this represents 2 months of the General Fund Operating Budget expenditures.

- ii. The approaches taken by the City Commission in FY 15/16 to balance the budget.

In response to a question from Commissioner Malakoff, Kathie G. Brooks recapped that during last year's budget season the anticipated surplus was utilized to reduce the millage, and was not placed as extra reserves.

In response to a question raised by Commissioner Alemán, City Manager Morales and Assistant City Manager Brooks stated that Miami Beach has one of the lowest millage rates of any of the legacy cities.

- iii. The Millage rate decrease met the Commission's goal to reduce millage to FY 10 amounts. The Millage rate decrease resulted in City of Miami Beach property tax savings.
- iv. In July 2014, Standard & Poors (S&P) raised its rating on Miami Beach's General Obligation Debt two notches to AA+, one level beneath AAA rating.

Commissioner Arriola inquired what the City needs to do to achieve an AAA rating. City Manager Morales responded that it is difficult to achieve, as we are a tourist community on a barrier island. City Manager Morales explained that the bond raters find tourist economies to be susceptible to volatility, and being a barrier island makes us susceptible to natural disasters. Despite this, our AA+ rating reflects Miami Beach's strong local economy; strong overall budgetary performance; strong flexibility and liquidity and significant reserves.

- e. Ramon Suarez, Budget Officer, provided an update on the FY 2016/17 Budget Development:

- i. The Property Appraiser provides preliminary 2016 property value on June 1, 2016, and certified values on July 1, 2016.
- ii. The preliminary property values will be known for the June 6, 2016 Finance Committee meeting.
- iii. CSL (Current Service Level) expenditure is estimated to increase \$14 million or 4.8% over the current year. Mr. Suarez read a list of what expenditures comprise this increase. (See pages 33 through 38 of the PowerPoint presentation.)
- iv. Potential future risk factors to the General Fund; Transportation Fund; Resort Tax Fund; Parking Fund; Water & Sewer Fund and Stormwater Fund were discussed.

City Manager Morales added that he has asked each City Department to identify recurring savings and efficiencies that amount to 3% of each departmental budget. The City Manager thinks we need to do this in recognition that an increasing portion of our budget will be consumed by pension related costs. The approximate \$3 million annual mortality payment will kick in in FY2017-18. The adjustment payment for poor fund performance kicked in last year and is looking to increase. In fact, based on updated projections for both pension funds by our actuaries, we are

looking at approximately \$8 million more in FY 2017-18, and increasing beyond that year. A recent decision of one of the pension boards has added \$1.8 million annually to our expected payments starting this coming fiscal year. Finally, we will be feeling the impact of the new collective bargaining this coming fiscal year.

- f. Cintya G. Ramos, Director of Budget & Performance Improvement, provided a list of the Finance and Citywide Budget meetings and key deadlines. (See pages 42 through 43 of the PowerPoint presentation.)

TO DO: Ensure that Elected Officials, and other key City personnel, receive invitations for all upcoming budget related meetings. **Francis Frances to handle.**

Jimmy Morales, City Manager, explained that a preliminary millage rate will be set on July 20; the tentative millage rate will be set at the first public hearing, September 14; and the Final millage rate at the second public hearing, September 27. (Dates are subject to change, as the County and the School Board take precedence over the municipalities in setting dates.) City Manager Morales explained that it is easier to lower the millage than to raise it later in the process. Therefore, he anticipates recommending that the preliminary rate set on July 20, 2016, remain at current levels, at the later meetings, the millage rate can be reduced.

- g. Jimmy L. Morales, City Manager, discussed the Parks and Public Safety capital funding and listed the proposed life safety project and quality of life enhancements in these areas.

Commissioner Malakoff inquired if the Parking Fund could be used for the Fire Station 1 / Flamingo Parking project. In response, City Manager Morales stated that such funds could be used, but there are other priorities such as light rail and parking garages.

Eric Carpenter, Public Works Director/Assistant City Manager, explained that in the 1990s/2000s GO Bonds were issued for very specific projects. Many of these projects have not commenced and the money remains unspent. One of the problems the City faces is that the current cost to complete many of these projects now exceeds the money on hand, as the cost to complete the tasks have significantly increased since the 1990s.

Discussion was had regarding issuing 30 year General Obligation Bonds. The City Manager provided the figures for \$80 million in G.O. Bonds. The City Manager explained that two readings are required to issue such bonds, and that it will require final voter approval. City Manager Morales and City Clerk Granado stated that the deadline to submit resolutions to the Supervisor of Elections for placement of a question on the November 8, 2016 General Election is on or before Tuesday, August 9, 2016.

There was consensus that if the City was going to pursue the issuance of G.O. Bonds, that it should consider a larger amount. **Cintya G. Ramos and Allison Williams to provide additional information/cost breakdowns.**

- h. Jimmy L. Morales, City Manager, provided an overview of the City's major projects, and their funding status: Storm Water; Water & Sewer; Above Ground; Street Car; Intelligent Transportation System; the Convention Center Hotel; Seawalls; Affordable Workforce Housing; Revitalization (Lincoln Road and side streets; Ocean Drive Task Force Recommendation; North Beach Master Plan) and Resiliency & Sustainability Assessment Projects.

Discussion held regarding the storm water fees. It was agreed that the raising of Storm Water fees should be contemplated. Commissioner Steinberg reminded her colleagues that last year the storm water fees were increased, due to a County pass-through, and any additional increase must be fully scrutinized. Consensus was reached to examine this further, and any such potential increase must be equitable, depending on the size of the home/property, and not based on ERU (Equivalent Residential Unit (ERU)). **Eric Carpenter to handle.**

Discussion held regarding possibly requesting FEMA money to lift historic homes that are susceptible to flood prior to a catastrophe occurring. Commissioner Malakoff explained that the problem is that some of these homes cannot be raised. **Betsy Wheaton and Gloria Baez (legislative affairs) to handle.**

- i. Jimmy L. Morales, City Manager, asked if there was any priorities not listed or previously mentioned that the Commission wanted to explore

- i. Commissioner Alemán requested to include the North Beach Skate Park.

TO DO: Commissioner Alemán requested a list of parking lot resurfacings that have been approved in the past. **Cintya G. Ramos to handle.**

TO DO: Commissioner Alemán requested a list of all the Capital Funding priorities that have been approved by prior Commissions. Commissioner Alemán would like this information for discussion at the June 6, 2016 Finance and Citywide Projects Committee. **Cintya G. Ramos to provide information.**

4. Discussion:

- a. Commissioner Grieco cautioned that any G.O. Bond proposal must only include “needs” and not “wants.”
- b. Mayor Levine suggested that any G.O. Bond proposal be for more than the \$80 million suggested. Mayor Levine is supportive of an equitable Stormwater fee increase.

TO DO: Commissioner Steinberg requested to see what an average cost per household fee for Stormwater would be if we changed to an equitable system, versus ERU. **Eric Carpenter to handle.**

TO DO: Provide financial costs options for possible G.O. bonds request(s). Include projects for parks, flooding, streetcars as well as other major projects discussed. **Allison Williams to provide information.**

- c. Commissioner Grieco suggested that unlike in the 1990s and 2000s, projects listed for G.O. Bond funding should be large umbrella projects, and not specifics. For instance to improve parks, and not a specific project at a park.

TO DO: Office of the City Attorney to contact bond counsel and determine if/how G.O. Bond money that was approved for specific projects during the 1990s 2000s by voters, and which have yet to be spent, could be utilized for other expenditures, based on current needs. **Raul J. Aguila to handle.**

TO DO: As the deadline to submit resolutions to the Supervisor of Elections for placement on the November 8, 2016 General Election is on or before Tuesday, August 9, 2016, there was consensus to schedule a Special Commission Meeting during the first week of August. If the meeting is not needed, it would be cancelled. **Francis Frances to handle.**

- d. Discussion held regarding Baylink and dedicated bus lanes (bus rapid transit) connecting the City to the mainland

5. Meeting adjourned at 11:49 a.m.

Handouts: Notice of City Commission Retreat: [Notice – Advertisement 1156](#)

List of Attendees:

Elected Officials:

Mayor Philip Levine
Commissioner John Elizabeth Alemán
Commissioner Ricky Arriola
Commissioner Michael Grieco
Commissioner Joy Malakoff
Commissioner Micky Steinberg

Staff:

Gloria Baez – Mayor's Chief of Staff
Dani Bonini – Aide to Commissioner Grieco
Kathie G. Brooks – Assistant City Manager
Eric Carpenter – Public Works Director/Assistant City Manager
Eric Chiroles – Aide to Commissioner Arriola
Natasha Diaz - Senior Management & Budget Analyst
Virgil Fernandez – Fire Chief
Kate Gonzalez - Senior Management Consultant
Rafael E. Granado - City Clerk
Lauretta Hill – Deputy Chief of Police
Amy Knowles – Deputy Resiliency Officer
Marcia Monserrat – City Manager's Chief of Staff
Jimmy L. Morales - City Manager
Cintya G. Ramos - Director of Budget & Performance Improvement:
Cilia Maria Ruiz-Paz – Aide to Commissioner Alemán
Ramon Suarez - Budget Officer
Mark Taxis – Assistant City Manager
Chuck Tear – Emergency Manager Director
Susanne Torriente – Assistant City Manager
Allison Williams – CFO

No members of the public attended